

Attorneys at Law

The Corporate Plaza
800 Delaware Avenue, 7th Floor
P.O. Box 410
Wilmington, Delaware 19899
(Courier 19801)
Phone (302) 652-8400
Fax (302) 652-8405
www.skfdelaware.com

October 20, 2006

Craig B. Smith
Robert J. Katzenstein
David A. Jenkins
Laurence V. Cronin
Michele C. Gott
Kathleen M. Miller
Joelle E. Polesky
Roger D. Anderson
Robert K. Beste
Etta R. Wolfe

VIA EFILING AND HAND DELIVERY

The Honorable Joseph J. Farnan, Jr.
United States District Court
District of Delaware
844 North King Street
Wilmington, DE 19801

**RE: *Law Debenture Trust Company of New York, Appellant,*
v. Northwestern Corporation, Appellee
Civil Action No. 05-603-JJF**

Dear Judge Farnan:

Pursuant to the Court's Order of October 5, 2006 entered in the above-referenced Appeal, the parties submit this status report along with a proposed stipulated briefing schedule.

By way of background, this matter is an appeal of the Bankruptcy Court's partial denial of the Fee Application of Law Debenture Trust Company of New York, as successor Indenture Trustee to what has been commonly referred to as the "QUIPS Indenture." The Appeal was filed on August 17, 2005, along with the designated record and statement of issues. On September 1, 2005, Louis C. Bechtle was appointed as Special Master/Mediator for this Appeal as well as other matters affiliated with the Northwestern Magten/Law Debenture litigation. In late November, 2005, both parties submitted Mediation Statements to Judge Bechtle for his consideration. In November 2005, all parties associated with the various Northwestern/Magten litigation matters and appeals were preparing for mediation on all issues before Attorney Alan B. Miller. It was agreed between the parties in this Appeal and Judge Bechtle, that no further action would be taken by him as mediator in the hopes that all issues would be resolved in the omnibus mediation being conducted before Attorney Miller. The Court has been informed that the mediation failed to reach resolution on any issue.

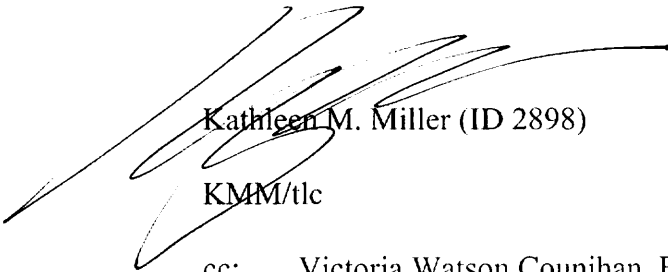
The Honorable Joseph J. Farnan, Jr.
October 20, 2006
Page 2

Accordingly, this matter is ready to be briefed. The parties have conferred and agree to the following schedule:

1. Appellant's brief shall be filed and served on or before November 21.
2. Appellee's reply shall be filed and served on or before December 21.
3. Appellant's surreply shall be filed and served no later than January 16.

If this schedule is satisfactory to the Court, a draft order is enclosed for the Court's convenience.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Kathleen M. Miller', is written over the typed name.

Kathleen M. Miller (ID 2898)

KMM/tlc

cc: Victoria Watson Counihan, Esquire
Jeffrey M. Austin, Esquire
John Snellings, Esquire